

**Sallal Water Association
Board of Trustees
Minutes of Tuesday, July 21, 2020 Meeting**

The regularly scheduled meeting of the Board of Trustees of the Sallal Water Association was called to order on Tuesday, July 21, 2020 at 6:02 pm by Ms. Baker. This meeting was held online using Zoom due to the COVID-19 outbreak.

Board members present: Daylin Baker, Eric O'Brien, Ann Reed, Larry Costello, Shawn McKone, and Rich Formisano
Consultants present: Richard Jonson, Attorney; Warren Perkins, Engineer, Ryan Hale, Assistant Engineer, Katy Isaksen, financial consultant for the rate study portion of the meeting.
Employees present: Ted Stonebridge, General Manager
Guests present: Michael Thomas

GUEST COMMENTS:

Mike Thomas inquired if the Association could check to see if any currently inactive water certificates have expired, thus finding more available capacity. Concerning the City's proposed WSP, he noted that the UTRC was not in favor of storage for the delivery of mitigation water. During the summer months, storage is needed for fire suppression. Concerning North Bend's Water Conservation Ordinance, he stated that the City is not answering questions from Sallal members and wished the Board would take a stronger stance against the ordinance. He also noted Sallal would lose revenues for curtailed use of water during the summer. In addition, he suggested that anyone within the City on a septic system should not have their water usage reported to the City. Lastly, he expressed concern with discrepancies between the City's WSP and Sallal's WSP.

CONSENT AGENDA:

The June 16th Board of Trustees Meeting minutes.

Consultant Statements:

Jonson & Jonson - \$6,954.71
Gray & Osborne - \$10,976.18
Lawhead Architects - \$18,770.00
Akana - \$3,662.10

MOTION NO 2020-30 Approval of the June minutes with edits in Dropbox and consultant invoices made by Mr. Costello and seconded by Mr. Formisano. Motion approved. Mr. O'Brien abstained

REPORTS:

Member Advisory Committee Report

July 14, 2020 meeting was cancelled. Mr. Formisano will continue as Board Member representative.

Conservation Committee Report

Mr. McKone reported that Mr. Formisano and he met to touch base on "Water Sense". The only requirement for use of the resource is reporting on the use of the tool. Mr. McKone is continuing to develop tools to track water conservation efforts and continue to review and research water conservation information for use on the website.

Treasurer's Report

Profit and Loss, Balance Sheet and Past Due Accounts were presented for review by the Board. Ms. Baker asked for questions to be sent via email.

Engineer Report

Mr. Perkins reported that there has been no follow-up meeting for the Water System Plan (WSP) as yet and no further comments have been received from the public. UTRC July 15th meeting was called for Executive Session only, no public input was taken. The Department of Ecology (DOE) reported that our WSP was acceptable but the Department of

Health (DOH) is waiting for King County approval. Preliminary review by the King County UTRC indicated that the County will not approve until we have a water supply agreement with North Bend. Mr. Stonebridge posted King County, DOH, and DOE comments along with Warren's comments to Dropbox in the WSP folder in Projects. Warren reviewed DOH's comments. Warren will request clarification from the UTRC in light of DOE's position in their July 20, 2020 letter which indicated an agreement between North Bend and Sallal is not needed. Mr. Perkins will draft a response to share with the Board before sending to the County. The board will need to review all of the WSP comments and determine next steps with guidance to Gray and Osborn about making revisions to the WSP. Warren estimated 3 to 4 days of effort would be needed to address all of the comments. Mr. Thomas noted the concern of the UTRC of the City serving the UGA and undeveloped parcels in Sallal's area.

Update on Well 4, reservoir, and office/shop status of application for a construction loan which will be repaid by RDA loan. Mr. Perkins reported that 5 bids were received for the well and reservoir as shown on the bid tabulation posted in DropBox. Mr. Perkins stated that low bidder, Pacific Civil & Infrastructure, appears qualified and bids are valid for 60 days (until September 13th). Mr. Stonebridge stated that Umpqua Bank, for purposes of an interim construction loan application, has engaged an appraiser to value the proposed well improvements, reservoir, and office. Ted anticipates confirmation from the bank within the next one to two weeks whether the interim loan will be approved or not. Sallal members need to approve the RDA loan which is a requirement from RDA before bids can be awarded. A member meeting is scheduled for August 11 for that purpose. The Sallal website posting will include additional information regarding the proposed loan in addition to notices posted on Nextdoor and Facebook which point to the website. Posts will include the significant need for the well and reservoir to cover for emergencies. Larry emphasized that several items on the RD loan checklist still need to be completed prior to bid award for Well #4/Reservoir and prior to advertising the new office. Mr. Perkins will ready the Well No. 4 and reservoir paperwork for the RDA loan. After discussion, the Board concurred that no action is to be taken on the bids until construction financing is in place and to review the situation at the next regular Board meeting. Mr. Costello asked for clarification on the extent of scope for the security system for the new office project. Ted clarified that the system will include door sensors, motion detectors, key pads, sirens, and main controller as well as rough-in (conduit, back-boxes, wire) for a future CCTV system. It was further clarified that a door access control system with card reader control will be provided for exterior doors, access from the lobby to the office area, and Mr. O'Brien requested card reader control for the SCADA room.

Mr. Perkins presented an engineering services agreement for construction management (CM) for the well and reservoir by Gray&Osborne to include geotech and testing. The Board discussed funding Task 1 of the agreement. The balance of the CM proposal will be considered after the member meeting regarding RD loan approval.

MOTION NO 2020-31

Approval of Task 1 contract documents for CM services by Gray&Osborne for \$2,500 made by Mr. Formisano, seconded by Mr. McKone. Motion approved.

The Gray&Osborne engineering proposal for water supply study for the NB intertie was then considered. Mr. McKone asked about Task 2 reporting. Ms. Baker asked if the amount of water needed for mitigation is changed, would that change the scope of the work. Mr. Perkins stated he would adjust the recommendations and added that the study will be determined based on a 24 hour average to determine mitigation requirements and include how much water will be needed outside the UGA.

MOTION NO 2020-32

Approval for Gray and Osborne water study for \$18,300 made by Mr. O'Brien, seconded by Mr. McKone. Discussion followed and Mr. Costello raised concern about going forward with the study if we decide not to move towards a contract. Motion carried

Attorney Report

Mr. Jonson reported that the King County franchise rent trial date is scheduled for February, 2021. Each utility will need to study fire suppression costs because the County rent ordinance authorizes a credit for those costs. He recommended that the study be completed by year end. Mr. Perkins will propose an engagement to do this work.

General Manager Report

Mr. Stonebridge referred to his report in Dropbox but noted the addition of two more meters installed for new housing developments. Mr. O'Brien asked about the car wash on NB Way and Mr. Stonebridge stated that a larger meter was installed at this location. Still do not have office permit in hand – held up due to outstanding balance on permit fees, which has recently been settled. Hard copy of the permit is expected any day. Mr. Formisano asked about a schedule for the office project. Mr. Costello noted that a construction schedule will be produced when work begins. Progress payments will be made to contractors upon verification of work.

UNFNISHED BUSINESS:

Katy Issaksen presented water rate study posted to Dropbox which is based on the idea that we are a sustainable utility to include long term planning. We should plan on annual cost escalation at 3% and payroll at 5%, noting that future rates could be higher. There was no significant change in Operating, Amortization, and Capital funds. There was little difference between estimates with or without NB contract, but there is a difference in Capital funds. Mr. Costello noted a higher amortization fee of \$12.55 rather than \$11.62, also noted that interest on the interim construction loan needs to be included in the cash flows, and also noted that reserve amounts for RD loan #9 need to be verified. Other questions concerned clarity of presentation slides and projection out to 2030 when we approach running out of water certificates. Katy will make adjustments based on information from the new RDA loan, amortization rates, and an outlook beyond 2030. This request will be made after a NB contract for buy/sell rates and G&O's water transfer study. Ms. Isaacson exited the meeting.

The Aspect Consulting proposal for water right consulting was reviewed and discussed. It was noted that the proposal seems to be a scoping effort to address the preliminary permit requirements and questions arose whether it adequately addresses the first phase of the water right application process. There is no timeline stated for this effort and the Board concurred that there is not enough information in the proposal to make a decision. Board members were requested to provide Mr. Stonebridge with feedback so he can respond to Aspect.

Bookkeeper update: Ms. Baker reported on interviews. Mr. Stonebridge reported that Jennine is currently working for us as an independent contractor through her bookkeeping service. Qualifications of another candidate were reviewed but it was noted that she is unable to work right away. Discussion followed and the Board will look into an office and/or admin assistant for 16 to 24 hours part time support. Ms. Baker will write up a job description.

Mr. Costello noted that the posted minutes of the last annual member meeting were not the same as the draft approved for posting by the Board. Ms. Reed asked for clarification, and will repost the approved minutes.

NEW BUSINESS:

Ms. Baker reported that Sallal has provided water usage data to the City of North Bend for those Sallal members living within the city limits for the purpose of determining sewage usage and those data submissions also included those on septic tanks. Mr. Jonson stated that he is unaware of any contractual obligation to provide this information but that the City can audit Sallal's books to see if the proper amount of municipal public utility taxes have been paid. After discussion, the Board concurred that Sallal should only provide the City with in-city revenue information for tax auditing purposes. Mr. Stonebridge will contact and refer NB to Mr. Jonson for questions. Ms. Baker will add an article in the newsletter to inform members.

The Master rate schedule was discussed and apparent errors were noted. Mr. Stonebridge asked for clarification and discussion followed.

MOTION NO 2020-33

Motion: Correction I of the Master Rate Schedule as set forth in Table 1 below, effective February 1, 2020, was made by Mr. O'Brien and seconded by Mr. Costello. Motion approved.

Table 1

Meter Size	Multiplier*	Amortization
5/8" x 3/4" Meter	x 1	\$12.55
1" Meter	x 2.5	\$31.37
1-1/2" Meter	x 5	\$62.75
2" Meter	x 8	\$100.40

EXECUTIVE SESSION:

Executive Session was called by the President Baker to review personnel matters began at 10:17 pm and exited 10:40 pm.

MOTION TO ADJOURN:

Motion to adjourn meeting was made by Mr. Costello and seconded by Ms. Reed. Motion passed.

Submitted by: Ann Reed, Board of Trustees Secretary